

Message Text

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DRAFTED BY S/S:PTARNOFF:JLH

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TO USDEL SECRETARY PRIORITY

S E C R E T STATE 106237 TOSEC 040160

EXDIS, FOR THE SECRETARY FROM TARNOFF

E.O. 11652: XGDS-3

TAGS: PFOR, IR

SUBJECT: CONVERSATION WITH ZAHEDI

REF: STATE 106232

FOLLOWING IS MEMCON OF CHUCK ROBINSON'S CONVERSATION
WITH ZAHEDI ON NOVEMBER 24, 1976 MENTIONED IN REFTEL:

QUOTE: AT THE REQUEST OF ACTING SECRETARY ROBINSON,
AMBASSADOR ZAHEDI CALLED AT THE DEPARTMENT ON NOVEMBER 24.
THE ACTING SECRETARY NOTED THAT ACTING ON THE EXPLICIT
INSTRUCTIONS OF THE SECRETARY, HE WANTED TO EXPLORE
BRIEFLY WITH THE AMBASSADOR THE POSSIBILITY OF WHETHER,
IN LIGHT OF OUR PARTICULARLY CLOSE BILATERAL RELATIONS,
WE COULD REACH AN UNDERSTANDING THAT WOULD BE HELPFUL
TO BOTH OF US ON THE PRICE QUESTION. HE STATED THAT
IT MIGHT BE USEFUL TO DISCUSS WHAT WE COULD DO AND WHAT
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IRAN COULD DO TO SEE WHETHER THERE WOULD BE ANY BASIS FOR
AN AGREEMENT WHICH COULD MODIFY THE SHAH'S PRESENT
POSITION ON A PRICE INCREASE IN DECEMBER.

THE ACTING SECRETARY STATED THAT WHAT WE HAD IN MIND
INVOLVED A RELATIONSHIP BETWEEN THE IRANIAN PRICE
POSITION AND OUR PURCHASE OF OIL FOR THE STRATEGIC RESERVE.

HE NOTED THAT IN MID DECEMBER FEA MUST PRESENT ITS PROPOSAL TO CONGRESS OF HOW IT INTENDED TO PROCEED WITH THE PURCHASE OF OIL FOR THE RESERVE. THE PURCHASES WOULD BE 2 TO 3 HUNDRED THOUSAND BB PER DAY. HALF OF THIS OIL COULD COME FROM IRAN IF IRAN WERE ABLE TO PROVIDE HALF OF IT IN LIGHT OIL AND WE WOULD ALSO BE WILLING TO LOOK AT THE POSSIBILITY OF A PRE-PAYMENT SCHEDULE. THE ACTING SECRETARY NOTED THAT, ALTHOUGH THE DEMAND FOR IRANIAN OIL IS CURRENTLY HIGH, IT IS LIKELY TO DECREASE AFTER THE TURN OF THE YEAR AND IRAN MIGHT FIND A LONG-TERM CONTRACT AND PRE-PAYMENT INTERESTING. HE EMPHASIZED THAT HE WAS NOT AT THIS POINT MAKING A SPECIFIC PROPOSAL. HE WAS SUGGESTING A FRESH APPROACH, NOT REPEAT NOT THE EARLIER ZARB DISCOUNT FORMULA. IF THE IRANIAN GOVERNMENT FOUND OUR IDEA INTERESTING, WE WOULD BE PREPARED TO SEND SOMEONE TO TEHRAN VERY QUICKLY TO SEE WHETHER AN ARRANGEMENT COULD BE ACHIEVED WHICH WAS MUTUALLY BENEFICIAL.

THE ACTING SECRETARY AGAIN EMPHASIZED THAT A MODIFICATION OF IRAN'S PRESENT POSITION ON A PRICE INCREASE WAS PART OF THE PROPOSITION.

ZAHEDI STATED THAT HE THOUGHT HIS GOVERNMENT MIGHT BE INTERESTED AND HE WOULD IMMEDIATELY INFORM THE SHAH. HE HOPED HE WOULD BE ABLE TO GIVE THE ACTING SECRETARY AN ANSWER BEFORE NOVEMBER 27. END QUOTE.

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CHRISTOPHER

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